

Decision **PROPOSED DECISION OF ALJ WILSON** (Mailed 6/25/2013)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFICORP (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2011.

Application 09-11-015
(Filed November 20, 2009)

**DECISION GRANTING PETITION TO
MODIFY DECISION 12-10-006 AND WAIVER OF THREE-YEAR FILING
REQUIREMENT IN DECISION 07-07-004**

1. Summary

This decision grants PacifiCorp's Petition to Modify Decision (D.) 12-10-006 in Application 09-11-015, as discussed herein. In particular, we authorize PacifiCorp to: 1) make a Post-Test Year Adjustment Mechanism Attrition Factor filing effective January 1, 2015; 2) forgo filing a General Rate Case (GRC) application for Test Year 2015 (as required by D.07-07-004); 3) file its next GRC application for Test Year 2016; and 4) make selected revisions to the ordering paragraphs of D.12-10-006. This proceeding is closed.

2. Background

By Decision (D.) 10-09-010, the Commission approved a settlement between PacifiCorp, the Division of Ratepayer Advocates (DRA), and the California Farm Bureau Federation (CFBF) regarding PacifiCorp's Test Year 2011 general rate case (GRC) request in Application (A.) 09-11-015. Pursuant to D.10-09-010, PacifiCorp was required to file a Post-Test Year Adjustment

Mechanism (PTAM) Attrition Factor filing by January 1, 2013. Pursuant to D.07-07-004, PacifiCorp is required to file a GRC application on a three-year cycle.

By D.12-10-006, the Commission granted PacifiCorp's petition for modification of D.10-09-010, which allowed PacifiCorp to make a PTAM Attrition Factor filing by January 2014 and forgo filing a GRC for Test Year 2014.

On May 8, 2013, PacifiCorp filed a petition to modify D.12-10-006 (Petition), in which it requested that the Commission authorize it to: 1) make a PTAM Attrition Factor filing effective January 1, 2015 (an extension of one year beyond what is authorized in D.12-10-006); 2) forgo filing a GRC application for Test Year 2015; 3) file its next GRC application for Test Year 2016; and 4) make revisions to the ordering paragraphs of D.12-10-006 accordingly. PacifiCorp's Petition also includes an *Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle* (Agreement) with DRA and CFBF, in which all three active parties agree to PacifiCorp's request for the extension of the PTAM Attrition Factor and delay of one year in filing its next GRC. We authorized a similar uncontested request by PacifiCorp in D.12-10-006.

3. Procedural Requirements Under Rule 16.4

Rule 16.4 of the Commission's Rules of Practice and Procedure¹ governs the process for the filing and consideration of petitions for modification. Rule 16.4(b) requires that a petition for modification concisely state the justification for the proposed relief and propose specific wording for all requested modifications. PacifiCorp's Petition contained a concise but thorough

¹ All future references to Rules throughout this decision refer to the Commission's Rules of Practice and Procedure.

statement of justification for the proposed modifications. Hence, we conclude that PacifiCorp's Petition complies with the requirements of Rule 16.4 regarding its requested modifications to D.12-10-006.

4. Requested Relief

PacifiCorp requests that D.12-10-006 be modified so that PacifiCorp may file for a PTAM Attrition Factor effective January 1, 2015 based on the September 2014 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2015 with an offsetting productivity factor of 0.5%, or zero, whichever is greater. PacifiCorp also requests that it not be required to file a GRC application for Test Year 2015 pursuant to D.07-07-004, and instead file its next GRC application for Test Year 2016. All modifications and revisions to D.12-10-006 throughout this decision are **bold and underlined** or ~~stricken~~. In particular, PacifiCorp requests modification to D.12-10-006 as follows:

Ordering Paragraph 2 of D.12-10-006:

2. PacifiCorp may file for a Post Test Year Adjustment Mechanism Attrition Factor effective January 1, 201~~5~~² based on the September 2014³ Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 201~~5~~⁴ with an offsetting productivity factor of 0.5%, or zero, whichever is greater.

Ordering Paragraph 3 of D.12-10-006:

3. We grant PacifiCorp a waiver from Decision 07-07-004, which allows PacifiCorp to forego filing a General Rate Case (GRC)

² Changed from 2014 to 2015.

³ Changed from 2013 to 2014.

⁴ Changed from 2014 to 2015.

application for test year 2015⁵ and file its next GRC application for test year 2016.⁶

Addition of a new Ordering Paragraph to D.12-10-006:

The Settlement Agreement between PacifiCorp, the Division of Ratepayer Advocates, and the California Farm Bureau Federation, as set forth in PacifiCorp's Petition for an Order Modifying Decision 12-10-006 and Granting Waiver of the Three-Year Filing Requirement Contained in Decision 07-07-004 and Request for Expedited Consideration, is approved.

PacifiCorp states that because of the deferral of the GRC for one more year, ratepayers will continue to be charged low and stable rates.

In its Petition, PacifiCorp included an agreement between itself, DRA, and CFBF. These three parties agreed to PacifiCorp's request to file for a PTAM Attrition Factor effective January 1, 2015, and forgo its GRC application for Test Year 2015 and file its next GRC application for Test Year 2016.

In its opening comments to the proposed decision, PacifiCorp suggests that, in addition to the revised language requested in its current Petition, the original versions of Ordering Paragraphs 7 and 8 in D.12-10-006 be retained to preserve the authorization granted to PacifiCorp to make a PTAM Attrition Factor filing to be effective January 1, 2014. PacifiCorp also requests a revision to Conclusion of Law 5 of the proposed decision in order to address the retention of the original ordering paragraphs in addition to the revised versions of those ordering paragraphs.

⁵ Changed from 2014 to 2015.

⁶ Changed from 2015 to 2016.

5. Discussion

PacifiCorp's current request, which is uncontested, is similar to the one granted by the Commission in D.12-10-006. If this Petition is granted, PacifiCorp's rates will remain low and stable.

Therefore, the Commission authorizes two of the three modifications to D.12-10-006, proposed by PacifiCorp in its Petition, regarding authority to file for a PTAM Attrition Factor effective January 1, 2015; and the granting of a waiver from D.07-07-004, which allows PacifiCorp to forgo filing a GRC application for Test Year 2015, and file its next GRC application for Test Year 2016. The third modification requested by PacifiCorp is not necessary, as this decision merely modifies dates in D.12-10-006.

The Commission also authorizes the retention of the original versions of Ordering Paragraphs 2 and 3 in D.12-10-006, in order to preserve the authorization granted to PacifiCorp to make a PTAM Attrition Factor filing to be effective January 1, 2014. These two ordering paragraphs shall be identified as Ordering Paragraphs 7 and 8 of D.12-10-006. Instead of modifying Conclusion of Law 5 of the proposed decision in order to address the retention of the original ordering paragraphs, the Commission authorizes the addition of a new Conclusion of Law to address these revisions.

6. Comments on Proposed Decision

Even though this is an uncontested matter, the decision grants only partial relief, and adopts additional modifications to D.12-10-006. Therefore, the proposed decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Pub. Util. Code § 311 and comments were allowed under Rule 14.3. Comments were filed on July 11, 2013 by

PacifiCorp. No reply comments were filed. These comments have been considered herein.

7. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. In D.10-09-010, the Commission approved a settlement between PacifiCorp, the DRA, and the CFBF regarding PacifiCorp's GRC request in A.09-11-015.
2. Pursuant to D.10-09-010, PacifiCorp was required to file a PTAM Attrition Factor by January 1, 2013.
3. Pursuant to D.07-07-004, PacifiCorp is required to file a GRC application on a three year cycle.
4. By D.12-10-006, the Commission granted PacifiCorp's petition for modification of D.10-09-010, which allowed PacifiCorp to make a PTAM Attrition Factor filing by January 2014 and forego filing a GRC for Test Year 2014.
5. On May 8, 2013 PacifiCorp filed a petition to modify D.12-10-006, in which it requested that the Commission authorize it to: 1) make a PTAM Attrition Factor filing effective January 1, 2015 (an extension of one year beyond what is authorized in D.12-10-006); and 2) authorize PacifiCorp to forgo filing a GRC application for Test Year 2015.
6. We authorized a similar request by PacifiCorp in D.12-10-006.
7. PacifiCorp, DRA, and CFBF entered into an agreement in which all three active parties agreed to PacifiCorp's request to file for a PTAM Attrition Factor effective January 1, 2015; and forgo its GRC application for Test Year 2015 and file its next GRC application for Test Year 2016.

8. PacifiCorp's current request is uncontested.

9. Rule 16.4 governs the process for the filing and consideration of petitions for modification. Rule 16.4(b) requires that a petition for modification concisely state the justification for the proposed relief and propose specific wording for all requested modifications.

Conclusions of Law

1. PacifiCorp's Petition should be granted, except as detailed herein.

2. PacifiCorp should be granted a waiver from D.07-07-004, which allows PacifiCorp to forego filing a GRC application for Test Year 2015 and file its next GRC application for Test Year 2016.

3. PacifiCorp's request to file for a PTAM Attrition Factor effective January 1, 2015 based on the September 2014 Global Insight "U.S. Economic Outlook" forecast of the CPI for 2015 with an off-setting productivity factor of 0.5%, or zero, whichever is greater, should be granted.

4. PacifiCorp's petition for modification satisfies the requirements of Rule 16.4 regarding the proposed modifications to D.12-10-006 and its requested waiver from D.07-07-004.

5. PacifiCorp's proposed modifications to Ordering Paragraphs 2 and 3 of D.12-10-006 should be adopted as follows:

- a. Ordering Paragraph 2: PacifiCorp may file for a Post Test Year Adjustment Mechanism Attrition Factor effective January 1, 2015 based on the September 2014 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2015 with an off-setting productivity factor of 0.5%, or zero, whichever is greater.
- b. Ordering Paragraph 3: We grant PacifiCorp a waiver from Decision 07-07-004, which allows PacifiCorp to forego filing a General Rate Case (GRC) application for Test Year 2015 and file its next GRC application for Test Year 2016.

6. The original versions of Ordering Paragraphs 2 and 3 of D.12-10-006 should be retained in order to preserve the authorization granted to PacifiCorp to make a PTAM Attrition Factor filing to be effective January 1, 2014. These two ordering paragraphs should be identified as Ordering Paragraphs 7 and 8 of D.12-10-006.

- a. Ordering Paragraph 7: PacifiCorp may file for a Post Test Year Adjustment Mechanism Attrition Factor effective January 1, 2014 based on the September 2013 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2014 with an off-setting productivity factor of 0.5%, or zero, whichever is greater.
- b. Ordering Paragraph 8: We grant PacifiCorp a waiver from Decision 07-07-004, which allows PacifiCorp to forego filing a General Rate Case (GRC) application for Test Year 2014 and file its next GRC application for Test Year 2015.

7. This order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. PacifiCorp's Petition to Modify Decision 12-10-006 is granted as set forth in the Ordering Paragraphs below.

2. Ordering paragraphs of Decision 12-10-006 are modified as follows (modifications are **bold and underlined**):

- a. Ordering Paragraph 2: PacifiCorp may file for a Post Test Year Adjustment Mechanism Attrition Factor effective January 1, 2015 based on the September 2014 Global Insight "U.S. Economic Outlook" forecast of the CPI for 2015 with an off-setting productivity factor of 0.5%, or zero, whichever is greater.
- b. Ordering Paragraph 3: We grant PacifiCorp a waiver from Decision 07-07-004, which allows PacifiCorp to forego filing a

General Rate Case (GRC) application for Test Year 2015 and file its next GRC application for Test Year 2016.

3. The original versions of Ordering Paragraphs 2 and 3 of Decision (D.) 12-10-006 shall be retained in order to preserve the authorization granted to PacifiCorp to make a Post Test Year Adjustment Mechanism Attrition Factor Attrition Factor filing to be effective January 1, 2014. These two ordering paragraphs shall be identified as Ordering Paragraphs 7 and 8 of D.12-10-006.
 - a. Ordering Paragraph 7: PacifiCorp may file for a Post Test Year Adjustment Mechanism Attrition Factor effective January 1, 2014 based on the September 2013 Global Insight "U.S. Economic Outlook" forecast of the CPI for 2014 with an off-setting productivity factor of 0.5%, or zero, whichever is greater.
 - b. Ordering Paragraph 8: We grant PacifiCorp a waiver from Decision 07-07-004, which allows PacifiCorp to forego filing a General Rate Case (GRC) application for Test Year 2014 and file its next GRC application for Test Year 2015.
4. Application 09-11-015 is closed.

This order is effective today.

Dated _____, at San Francisco, California.